

Chapter - 5 Dissolution of a Partnership Firm

SOLUTION: 1.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Workmen Compensation Reserve A/c To Manoj's Capital A/c To Nand's Capital A/c (Balance of Workmen Compensation Reserve transferred to Partners' Capital Accounts in their profit-sharing ratio)	Dr.	1,00,000	60,000 40,000
(ii)	Workmen Compensation Reserve A/c (a) To Realisation A/c (Workmen Compensation Reserve to the extent of liability transferred to Realisation Account)	Dr.	75,000	75,000
(b)	Workmen Compensation Reserve A/c To Manoj's Capital A/c To Nand's Capital A/c (Surplus of Workmen Compensation Reserve transferred to Partners' Capital Accounts in their profit-sharing ratio)	Dr.	25,000	15,000 10,000
(c)	Realisation A/c To Bank A/c (Payment of liability on account of Workmen Compensation)	Dr.	75,000	75,000
(iii)	Workmen Compensation Reserve A/c (a) To Realisation A/c (Balance of Workmen Compensation Reserve transferred to Realisation Account)	Dr.	1,00,000	1,00,000
(b)	Realisation A/c To Bank A/c (Payment of liability on account of Workmen Compensation)	Dr.	1,20,000	1,20,000
(iv)	Workmen Compensation Reserve A/c (a) To Realisation A/c (Balance of Workmen Compensation Reserve transferred to Realisation Account)	Dr.	1,00,000	1,00,000
(b)	Realisation A/c To Bank A/c (Payment of liability on account of Workmen Compensation)	Dr.	1,00,000	1,00,000

SOLUTION: 2.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Realisation A/c Dr. To Bank A/c (Payment of realisation expenses)		8,000	8,000

(ii)	Realisation A/c Dr. To Partner's Capital A/c (Realisation expenses paid by the partner (in behalf of the firm))	10,000	10,000
(iii)	Tushar's Capital A/c Dr. To Bank A/c (Realisation expenses paid by the firm on behalf of the partner)	12,000	12,000
(iv)	Realisation A/c Dr. To Suresh's Capital A/c (Remuneration allowed to Suresh for dissolution work)	10,000	10,000
(v)	Realisation A/c Dr. Virus Capital A/c Dr. To Bank A/c (Remuneration allowed to Viru and excess expenses charged from him)	15,000 5,000	15,000
(vi)	Partner's Capital A/c Dr. Realisation A/c Dr. To Bank A/c (Realisation expenses paid by the firm, Partner's share debited to his Capital Account and the balance to Realisation A/c)	10,000 5,000	15,000
(vii)	Realisation A/c Dr. To Gauri's Capital A/c To Bank A/c (Remuneration of ₹25,000 allowed to Gauri and ₹5,000 paid by the firm deducted out of his share)	25,000	20,000 5,000

SOLUTION : 3.

LEDGER ACCOUNTS				
Dr.		REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Land & Buildings A/c	30,000	By Provision for Bad debts A/c	2,450	
To Motor Vehicles A/c	18,300	By Creditors A/c	97,500	
To Stock A/c	72,800	By Bank A/c (Assets Realised):		
To Debtors A/c	1,13,200	Motor Vehicles	16,950	
To Bank A/c (Creditors Paid off)	95,800	Stock	77,600	
To Bank A/c		Land & Buildings	43,500	1,38,050
(Expenses of Realisation)	1,250	By Bank A/c		
To Capital A/cs		(Realisation of Debtors)		1,13,200
(Profit on Realisation)				
A 3/5	11,910			
B 2/5	7,940			
	19,850			
	3,51,200			3,51,200

Dr.		CASH ACCOUNT				Cr.
Particulars	A ₹	B ₹	Particulars	A ₹	B ₹	
To Bank A/c (Final Payment)	96,910	70,940	By Balance b/d	85,000	63,000	
			By Realisation A/c (Profit)	11,910	7,940	
	96,910	70,940		96,910	70,940	

Dr.		BANK ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Balance b/d	13,650	By Realisation A/c (Creditors Paid off)	95,800	
To Realisation A/c (Assets Realised)	1,38,050	By Realisation A/c (Expenses of Realisation)	1,250	
To Realisation A/c (Realisation of Debtors)	1,13,200	By A's Capital A/c	96,910	
		By B's Capital A/c	70,940	
	2,64,900		2,64,900	

SOLUTION: 4.

Dr.		REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Building A/c	50,000	By Creditors A/c	40,000	
To Stock A/c	60,000	By Provision for Bad Debts A/c	2,000	
To Debtors A/c	30,000	By Bank A/c (Assets Realised)		
To Machinery	30,000	Machinery	15,000	
To Furniture A/c	20,000	Furniture	16,000	
To Bank A/c (Expenses of Realisation)	3,000	Building	1,25,000	
To Bank A/c (Creditors Paid off)	38,000	Stock	40,000	
To Bank A/c (Claim against the firm)	8,000	Debtors	<u>25,000</u>	2,21,000
To Capital A/cs (Profit on Realisation)				
A 2/4	12,000			
B 1/4	6,000			
C 1/4	<u>6,000</u>			
	24,000			
	2,63,000			2,63,000

Dr.		A's LOAN ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Bank A/c	46,000	By Balance b/d	46,000	
	46,000		46,000	

Dr. **CAPITAL ACCOUNTS** Cr.

Particulars	A ₹	B ₹	C ₹	Particulars	A ₹	B ₹	C ₹
To Bank A/c (Final payment)	68,000	34,000	34,000	By Balance b/d	50,000	25,000	25,000
				By Reserve Fund	6,000	3,000	3,000
				By Realisation A/c (Profit)	12,000	6,000	6,000
	68,000	34,000	34,000		68,000	34,000	34,000

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	10,000	By Realisation A/c			
To Realisation A/c (Assets Realised)	2,21,000	(Expenses of Realisation)			3,000
		By Realisation A/c (Creditors Paid off)			38,000
		By Realisation A/c (Claims against the firm)			8,000
		By /Ts Loan A/c			46,000
		By A's Capital A/c			68,000
		By B's Capital A/c			34,000
		By C's Capital A/c			34,000
	2,31,000				2,31,000

SOLUTION : 5.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Stock	1,50,000	By Creditors			80,000
To Debtors	88,000	By Bills Payable			10,000
To Investments	40,000	By Provision for Doubtful Debts			8,000
To Furniture	30,000	By P (Investments taken over)			40,000
To Machinery	90,000	By Q (Furniture taken over)			20,000
To Bank A/c (Liabilities paid off)		By Bank A/c (Assets Realised):			
Creditors 76,000		Stock 1,20,000			
B/P 10,000	86,000	Debtors 65,000			
To Bank A/c (Expenses of Realisation)	2,000	Machinery 63,000			2,48,000
		By Capital A/cs :			
		(Loss on Realisation)			
		P 40,000			
		Q 20,000			
		R 20,000			80,000
	4,86,000				4,86,000

Dr.		P's LOAN ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c	20,000	By Balance b/d	20,000		

Dr.		CAPITAL ACCOUNTS						Cr.	
Particulars	P	Q	R	Particulars	P	Q	R		
	₹	₹	₹		₹	₹	₹		
To Realisation A/c (Investments taken over)	40,000			By Balance b/d	2,00,000	1,00,000	2,000		
To Realisation A/c (Furniture taken over)		20,000		By Reserve Fund	4,000	2,000	2,000		
To Realisation A/c (Loss)	40,000	20,000	20,000	By Bank A/c (Amount brought in)				16,000	
To Bank A/c (Final Payment)	1,24,000	62,000							
	2,04,000	1,02,000	20,000		2,04,000	1,02,000	20,000		

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	30,000	By Realisation A/c			
To Realisation A/c (Assets Realised)	2,48,000	Creditors Paid	76,000		
To R's Capital A/c	16,000	B/P Paid	<u>10,000</u>		
		By Realisation A/c (Expenses of Realisation)		86,000	
		By P's Loan A/c		2,000	
		By P's Capital A/c		20,000	
		By Q's Capital A/c		1,24,000	
				62,000	
	2,94,000			2,94,000	

SOLUTION: 6.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Fixed Assets A/c	50,000	By Creditors A/c	40,000		
To Stock A/c	60,000	By Bills Payable A/c(1)	10,000		
To Debtors A/c	30,000	By Mrs. A's Loan A/c(1)	16,000		
To Furniture A/c	20,000	By Provision for Bad Debts A/c	2,000		
To Goodwill A/c(3)	18,000	By Bank A/c			
To Bank A/c (Expenses of Realisation)	3,000	Fixes Assets	32,000		
To Bank A/c		Stock	55,000		
		Debtors	25,000	1,12,000	

Creditors	38,000		By A's Capital A/c		
Bills Payable	10,000		(Furniture taken over)		16,000
Mrs. /Ts Loan	16,000	64,000	By Capital A/cs		
To Bank A/c			(Loss on Realisation)		
(Claim against the firm)		6,400	A 2/4	27,700	
			B 1/4	13,850	
			C 1/4	13,850	55,400
		2,51,400			2,51,400

Dr. **A's LOAN ACCOUNT** Cr.

Particulars		Particulars	
To Bank A/c	20,000	By Balance b/d	20,000
	20,000		20,000

Dr. **CAPITAL ACCOUNTS** Cr.

Particulars	A ₹	B ₹	C ₹	Particulars	A ₹	B ₹	C ₹
To Realisation				By Balance b/d	40,000	20,000	20,000
A/c (Furniture taken over by A)	16,000			By Workmen Compensation Reserve	10,000	5,000	5,000
To Realisation A/c (Loss)	27,700	13,850	13,850				
To Bank A/c (Final payment)	6,300	11,150	11,150				
	50,000	25,000	25,000		50,000	25,000	25,000

Dr. **BANK ACCOUNT** Cr.

Particulars		Particulars	
To Balance b/d	10,000	By Realisation A/c (Expenses of Realisation)	3,000
To Realisation A/c (Assets Realised)	1,12,000	By Realisation A/c (Liabilities Paid off)	64,000
		By Realisation A/c (Claims against the firm)	6,400
		By A's Loan A/c	20,000
		By A's Capital A/c	6,300
		By B's Capital A/c	11,150
		By C's Capital A/c	11,150
	1,22,000		1,22,000

SOLUTION: 7.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Premises A/c	80,000	By Sundry Creditors A/c		60,000	
To Machinery A/c	68,000	By Bank A/c			
To Stock A/c	40,000	(Assets Realised)			
To Sundry Debtors A/c	30,000	Premises	96,000		
To Bills Receivable A/c	36,000	Machinery	40,800		
To Bank A/c		Stock	45,000		
(Expenses of Realisation)	2,000	Sundry Debtors	30,000		
To Bank A/c		Bills Receivable	36,000	2,47,800	
(Creditors Paid off)	57,500	By Current A/cs			
		(Loss on Realisation)			
		X 1/3	1,900		
		Y 1/3	1,900		
		Z 1/3	1,900	5,700	
	3,13,500				3,13,500

Dr.		ADVANCE FROM X ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Bank A/c	15,000	By Balance b/d		15,000	
	15,000			15,000	

Dr.		ADVANCE FROM Y ACCOUNT		Cr.	
Particulars	₹	Particulars		₹	
To Bank A/c	5,000	By Balance b/d		5,000	
	5,000			5,000	

Dr.		CURRENT ACCOUNTS						Cr.		
Particulars	X	Y	Z	Particulars	X	Y	Z			
	₹	₹	₹		₹	₹	₹			
To Balance b/d	—	—	3,000	By Balance b/d	13,000	4,000	—			
To Realisation A/c (Loss)	1,900	1,900	1,900	By Capital A/c (Transfer)	—	—	4,900			
To Capital A/c (Transfer)	11,100	2,100								
	13,000	4,000	4,900		13,000	4,000	4,900			

Dr.		CAPITAL ACCOUNTS						Cr.		
Particulars	X	Y	Z	Particulars	X	Y	Z			
	₹	₹	₹		₹	₹	₹			
To Current A/c				By Balance b/d	90,000	60,000	40,000			

(Transfer)	—	—	4,900	By Current A/c	11,100	2,100	—
To Bank A/c							
(Final Payment)	1,01,100	62,100	35,100				
	1,01,100	62,100	40,000		1,01,100	62,100	40,000

Dr. BANK ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	30,000	By Realisation A/c	
To Realisation A/c		(Expenses of Realisation)	2,000
(Assets Realised)	2,47,800	By Realisation A/c	
		(Creditors Paid off)	57,500
		By Advance from X A/c	15,000
		By Advance from Y A/c	5,000
		By X's Capital A/c	1,01,100
		By Y's Capital A/c	62,100
		By Z's Capital A/c	35,100
	2,77,800		2,77,800

SOLUTION: 8.

Dr. REALISATION ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Debtors A/c	48,000	By Creditors A/c	30,000
To Stock A/c	19,000	By Bills Payable A/c	10,000
To Furniture A/c	43,000	By G's Loan A/c	18,000
To Land & Building A/c	1,00,000	By Workmen Compensation	
To Bank A/c		Reserve A/c	15,000
(Liabilities Paid off)		By Bank A/c (Assets Realised)	
Creditors	27,000	Debtors	29,000
Bills Payable	9,000	Land & Building	2,98,000
G's Loan A/c	18,000	Furniture	20,000
	54,000		3,47,000
To Bank A/c (Workmen Compensation paid off)	15,000	By X's Capital A/c	
To Capital A/cs		(Stock taken over)	17,000
(Profit on Realisation)			
X 1/3	49,667		
Y 1/3	49,667		
Z 1/3	49,666		
	1,49,000		
	4,37,000		4,37,000

Dr. Y's LOAN ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Bank A/c	20,000	By Balance b/d	20,000

Dr.		CAPITAL ACCOUNTS						Cr.	
Particulars	X	Y	Z	Particulars	X	Y	Z		
	₹	₹	₹		₹	₹	₹		
To Balance b/d	—	—	20,000	By Balance b/d	75,000	85,000	—		
To Realisation A/c (Stock taken over)	17,000	—	—	By Workmen Compensation Reserve A/c	6,000	6,000	6,000		
To Bank A/c (Final Payment)	1,13,667	1,40,667	35,666	By Realisation A/c (Profit)	49,667	49,667	49,666		
	1,30,667	1,40,667	55,666		1,30,667	1,40,667	55,666		

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	32,000	By Realisation A/c (Liabilities Paid off)	54,000		
To Realisation A/c (Assets Realised)	3,47,000	By Realisation A/c (Workmen Compensation Paid)	15,000		
		By Ks Loan A/c	20,000		
		By X's Capital A/c	1,13,667		
		By Y's Capital A/c	1,40,667		
		By Z's Capital A/c	35,666		
	3,79,000		3,79,000		

SOLUTION: 9.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Debtors A/c	3,40,000	By Creditors A/c	1,50,000		
To Stock A/c	1,50,000	By Bank A/c (Assets Realised):			
To Furniture A/c	4,60,000	Stock 65,000			
To Machinery A/c	8,20,000	Machinery 74,000			
To Bank A/c (Creditors)	1,50,000	Debtors 3,23,000	4,62,000		
To Hanif's Current A/c (Realisation Expenses)	8,000	By Hanif's Current A/c / Capital A/c (Stock)	67,500		
		By Jubed's Current A/c / Capital A/c (Furniture)	1,35,000		
		By Loss transferred to :			
		Hanif's Current A/c 7,42,333			
		Jubed's Current A/c 3,71,167	11,13,500		
	19,28,000		19,28,000		

SOLUTION : 10 (A).

JOURNAL ENTRIES

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2013				
Sept. 30	Realisation A/c Dr.		1,21,600	
	To Stock-in-Trade A/c			21,500
	To Bills Receivable A/c			8,800
	To Sundry Debtors A/c			45,000
	To Furniture A/c			3,000
	To Plant & Machinery A/c			23,000
	To Goodwill A/c			20,000
	To Prepaid Insurance A/c			300
	(Transfer of various assets except cash to Realisation A/c, at books values)			
	Mrs. Pritam's Loan A/c Dr.		10,000	
	Sundry Creditors A/c Dr.		36,000	
	Outstanding Rent A/c Dr.		500	
	Provision for Bad Debts A/c Dr.		1,500	
	To Realisation A/c			48,000
	(Outside liabilities and provision transferred to realisation A/c, at book figures)			
	Bank A/c Dr.		1,04,400	
	To Realisation A/c			1,04,400
	(Amount realised on sale of Assets :			
	Stock 20,000			
	Bills Receivable 3,800			
	Furniture 5,100			
	Plant & Machinery 35,000			
	Sundry Debtors <u>40,500</u>			
	1,04,400)			
	Realisation A/c Dr.		34,200	
	To Bank A/c			34,200
	(Creditors paid at a discount of 5%)			
	Realisation A/c Dr.		10,000	
	To Pritam's Capital A/c			10,000
	(Mrs. Pritam's loan taken over by Pritam)			
	Realisation A/c Dr.		500	
	To Naresh's Capital A/c			500
	(Liability of outstanding rent paid by Naresh)			
	Realisation A/c Dr.		800	
	To Bank A/c			800
	(Payment of expenses of realisation)			
	Naresh's Loan A/c Dr.		14,000	
	To Bank A/c			14,000
	(Payment of Naresh's loan)			

Pritam's Capital A/c (2/3)	Dr.	9,800	
Naresh's Capital A/c (1/3)	Dr.	4,900	
To Realisation A/c			14,700
(Loss on realisation transferred to partner's Capital Accounts)			
Pritam's Capital A/c	Dr.	40,200	
Naresh's Capital A/c	Dr.	15,600	
To Bank A/c			55,800
(Final payment made to the partners)			

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Stock-in-Trade A/c	21,500	By Mrs. Pritam's Loan A/c	10,000		
To Bills Receivable A/c	8,800	By Sundry Creditors A/c	36,000		
To Sundry Debtors A/c	45,000	By Outstanding Rent A/c	500		
To Furniture A/c	3,000	By Provision for Bad Debts A/c	1,500		
To Plant & Machinery A/c	23,000	By Bank A/c			
To Goodwill A/c	20,000	(Assets Realised)			
To Prepaid Insurance A/c	300	Stock	20,000		
To Bank A/c		Bills Receivable	3,800		
(Creditors Paid off)	34,200	Furniture	5,100		
To Pritam's Capital A/c		Plant & Machinery'	35,000		
(Mrs. Pritam's		Sundry Debtors	40,500	1,04,400	
Loan taken over)	10,000	By Capital A/cs			
To Naresh's Capital A/c		(Loss on Realisation)			
(Outstanding Rent taken over)	500	Pritam 2/3	9,800		
To Bank A/c		Naresh 1/3	4,900		
(Expenses on Realisation)	800				14,700
	1,67,100				1,67,100

Dr.		NARESH'S LOAN ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c	14,000	By Balance b/d	14,000		

Dr.		CAPITAL ACCOUNTS				Cr.	
Particulars	Pritam	Naresh	Particulars	Pritam	Naresh		
	₹	₹		₹	₹		
To Realisation A/c			By Balance b/d	40,000	20,000		
(Loss)	9,800	4,900	By Realisation A/c				
To Bank A/c			(Mrs. Pritam's loan				
(Final Payment)	40,200	15,600	taken over)	10,000			
			By Realisation A/c				
			(Outstanding Rent				
			taken over)				500

50,000	20,500	50,000	20,500
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Dr. **BANK ACCOUNT** Cr.

Particulars	₹	Particulars	₹
To Balance b/d	400	By Realisation A/c (Creditors Paid off)	34,200
To Realisation A/c (Assets Realised)	1,04,400	By Realisation A/c (Expenses of Realisation)	800
		By Naresh's Loan A/c	14,000
		By Pritam's Capital A/c	40,200
		By Naresh's Capital A/c	15,600
	1,04,800		1,04,800

SOLUTION: 10 (B).

Dr. **REALISATION ACCOUNT** Cr.

Particulars	₹	Particulars	₹
To Stock A/c	75,000	By Provision for Doubtful Debts A/c	6,000
To Book Debts A/c	66,000	By Sundry Creditors A/c	75,000
To Plant & Machinery A/c	45,000	By Bills Payable A/c	30,000
To Land & Buildings A/c	48,000	By Mr. Chowdhary's Loan A/c	15,000
To Mrs. Rita Chowdhary's Capital A/c (Mr. Chowdhary's loan taken over)	15,000	By Mrs. Rita Chowdhary's Capital A/c (50% of stock taken over)	30,000
To Bank A/c (Liabilities paid off)		By Bank A/c (Assets Realised)	
Sundry Creditors 67,500		Book Debts 54,000	
Bills Payable 30,000	97,500	Stock 48,750	
To Bank A/c (Expenses on Realisation)	5,250	Plant & Machinery 75,000	
To Capital A/cs (Profit on Realisation)		Land & Buildings 1,20,000	2,97,750
Mrs. Rita Chowdhary 66,000		By Mrs. Rita Chowdhary's Capital A/c (Goodwill taken over)	30,000
Miss. Shobha 66,000	1,32,000		
	4,83,750		4,83,750

Dr. **CAPITAL ACCOUNTS** Cr.

Particulars	Mrs. Rita	Miss	Particulars	Mrs. Rita	Miss
	Chowdhary	Shobha		Chowdhary	Shobha
	₹	₹		₹	₹
To Realisation A/c (50% of stock taken over)	30,000		By Balance b/d	90,000	30,000
			By Reserve Fund A/c	12,000	12,000
			By Realisation A/c		

To Realisation A/c (Goodwill taken over)	30,000		(Mr. Chowdhary's loan taken over)	15,000	
To Bank A/c (Final Payment)	1,23,000	1,08,000	By Realisation A/c (Profit)	66,000	66,000
	1,83,000	1,08,000		1,83,000	1,08,000

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	36,000	By Realisation A/c (Liabilities Paid off)	97,500		
To Realisation A/c (Assets realised)	2,97,750	By Realisation A/c (Expenses on realisation)	5,250		
		By Mrs. Rita Chowdhary's Capital A/c	1,23,000		
		By Miss Shobha's Capital A/c	1,08,000		
	3,33,750		3,33,750		

SOLUTION: 11.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Furniture	37,000	By Creditors	10,000		
To Stock	5,500	By Investment Fluctuation Fund	4,500		
To Investments	15,000	By Prachi's Capital A/c (Investments)	12,500		
To Cash A/c : Creditors	10,000	By Cash A/c (Stock & Furniture)	41,500		
Compensation	8,000	By Ritika's Capital A/c (Old furniture)	3,000		
Expenses	1,000	By Loss transferred to : Prachi's Capital A/c 3,000 Ritika's Capital A/c 1,800 Ishita's Capital A/c 1,200	6,000		
To Prachi's Capital A/c (Commission)	1,000				
	77,500		77,500		

Dr.		CAPITAL ACCOUNTS			Cr.		
Particulars	Prachi	Ritika	Ishita	Particulars	Prachi	Ritika	Ishita
	₹	₹	₹		₹	₹	₹
To Balance b/d	—	—	18,000	By Balance b/d	40,000	30,000	—
To Realisation A/c	12,500	3,000	—	By Realisation A/c (Comm- ission)	1,000	—	—
To Realisation A/c (Loss)	3,000	1,800	1,200	By Cash A/c (Bal. Fig.)	—	—	19,200

(Bal. Fig.)	25,500	25,200				
	41,000	30,000	19,200		41,000	30,000

Dr.		CASH ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	9,000	By Realisation A/c	19,000		
To Realisation A/c	41,500	By Prachi's Capital A/c			
To Ishita's Capital A/c		(Final Payment)	25,500		
(Cash brought)	19,200	By Ritika's Capital A/c			
		(Final Payment)	25,200		
	69,700		69,700		

Value being conveyed:

- (i) Care for environment.
- (ii) Enforcement of law regarding pollution control.

SOLUTION: 12.

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Debtors A/c	30,000	By Provision for Bad Debts A/c	2,000		
To Investments A/c	10,000	By Mrs. A's Loan A/c	15,000		
To Stock A/c	40,000	By Mrs. B's Loan A/c	10,000		
To Truck A/c	75,000	By Trade Creditors A/c	30,000		
To Plant and Machinery A/c	80,000	By Bills Payable A/c	10,000		
To Bank A/c		By Outstanding Expenses A/c	5,000		
(Payment of Liability)	12,000	By Bank A/c (Assets realised)			
To A's Capital A/c		Stock	18,000		
(Mrs. A's Loan taken over)	15,000	Plant & Machinery	1,00,000		
To Bank A/c		Truck	1,20,000		
Sundry Creditors(1)	19,800	Goodwill	25,000		
Bills Payable(2)	9,900	Debtors	25,000		
Mrs. B's Loan	10,000	Investments	5,000	2,93,000	
Outstanding Expenses	5,000				
	44,700	By A's Capital A/c			
To Capital A/cs		(Stock at ₹24,000 and			
(Profit on realisation)		investments at ₹4,500			
A	43,400	taken over)		28,500	
B	43,400				
	86,800				
	3,93,500				3,93,500

Dr.		CAPITAL ACCOUNTS			Cr.	
Particulars	A	B	Particulars	A	B	
	₹	₹		₹	₹	
To Drawings A/c		9,400	By Balance b/d	1,00,000	80,000	
To Realisation A/c			By Realisation A/c			

(Assets taken over)	28,500		(Mrs. A's loan taken over)	15,000	
To Bank A/c (final Payment)	1,29,900	1,14,000	By Realisation A/c (Profit on realisation)	43,400	43,400
	1,58,400	1,23,400		1,58,400	1,23,400

Dr. BANK ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Balance b/d	3,400	By Realisation A/c (Liability Paid off)	12,000
To Cash A/c (Cash deposited into bank)	4,200	By Realisation A/c (Liabilities Paid OB')	44,700
To Realisation A/c (Assets realised)	2,93,000	By A's Capital A/c	1,29,900
		By B's Capital A/c	1,14,000
	3,00,600		3,00,600

Hints:

- Discount received on payment to Creditors = $20,000 \times 12/100 \times 1/12 = ₹200$
- Discount received on payment to B/P = $10,000 \times 12/100 \times 1/12 = ₹100$

SOLUTION: 13.

Dr. REALISATION ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Bills Receivable A/c	12,000	By Provision for Bad Debts A/c	4,000
To Stock A/c	40,000	By Creditors A/c	30,000
To Sundry Debtors A/c	40,000	By Mrs. A's Loan A/c	20,000
To Land and Buildings A/c	50,000	By Outstanding Salary A/c	8,000
To Furniture A/c	10,000	By Investment Fluctuation Fund A/c	10,000
To Typewriters A/c	7,000		
To Investments A/c	30,000	By Bank A/c	
To Bank A/c		(Assets realised)	
(Liabilities Paid):		Bills Receivable	11,400
Creditors	27,000	S. Debtors	40,000
Mrs. A's Loan	20,000	Stock	32,000
Outstanding Salary	8,000	Land & Buildings	70,000
Compensation	25,000	Furniture	
		(6,000-300)	5,700
		Investments	
		(25,000 less 2%)	24,500
		By A's Capital A/c	
		(Typewriters taken over)	5,000
		By Capital A/cs :	
		(Loss on realisation)	
			1,83,600

		A 3/6	4,200	
		B 2/6	2,800	
		C 1/6	1,400	8,400
	2,69,000			2,69,000

Dr. CAPITAL ACCOUNTS				Cr.			
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Realisation A/c (Type-writers taken over)	5,000			By Balance b/d	60,000	40,000	20,000
To Realisation A/c (Loss)	4,200	2,800	1,400	By Reserves	6,000	4,000	2,000
To Bank A/c (Final Payment)	56,800	41,200	20,600				
	66,000	44,000	22,000		66,000	44,000	22,000

Dr. BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	15,000	By Realisation A/c (Liabilities paid)	80,000
To Realisation A/c (Assets realised)	1,83,600	By A's Capital A/c	56,800
		By B's Capital A/c	41,200
		By C's Capital A/c	30,600
	1,98,600		1,98,600

SOLUTION: 14.

Dr. REALISATION ACCOUNT				Cr.	
Particulars	₹	Particulars	₹		₹
To Goodwill A/c	4,000	By Provision for Bad Debts A/c	800		
To Machinery A/c	6,000	By Workmen Compensation Reserve	2,000		
To Plant A/c	12,800	By Creditors A/c	5,400		
To Debtors A/c	10,800	By Bills Payable A/c	2,600		
To Bank A/c (Bill dishonoured)	600	By Bank A/c (Assets realised)			
To Panna Lai's Capital A/c (Bills Payable taken over)	2,600	Machinery	5,400		
To Bank A/c (Creditors Paid)	4,860	Plant	12,500		
To Bank A/c (Workmen Compensation Paid)	2,500	Goodwill	2,520		
To Bank A/c		Debtors	3,600		24,020
		By Ramji Lai's Capital A/c			

(expenses of realisation)	400	(Debtors taken over)	6,000
		By Capital A/cs	
		(Loss on realisation)	
		Ramji Lai 1/2	1,870
		Panna Lai 1/2	1,870
			3,740
	44,560		44,560

Dr.		CAPITAL ACCOUNTS		Cr.	
Particulars	Ramji Lai	Panna Lai	Particulars	Ramji Lai	Panna Lai
	₹	₹		₹	₹
To Realisation A/c (Debtors taken over)	6,000		By Balance b/d	16,000	10,000
To Realisation A/c (Loss)	1,870	1,870	By Reserves	1,800	1,800
To Bank A/c (Final Payment)	9,930	12,530	By Realisation A/c (Bills Payable taken over)		2,600
	17,800	14,400		17,800	14,400

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	6,800	By Realisation A/c (Bills dishonoured)	600		
To Realisation A/c (Assets realised)	24,020	By Realisation A/c (Creditors paid)	4,860		
		By Realisation A/c (Workmen Compensation)	2,500		
		By Realisation A/c (Expenses of realisation)	400		
		By Ramji Lai's Capital A/c	9,930		
		By Panna Lai's Capital A/c	12,530		
	30,820		30,820		

SOLUTION: 15.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2011 April 1	Realisation A/c Dr. To Land and Building A/c To Furniture A/c To Debtors A/c To Stock A/c (Assets transferred to Realisation A/c on dissolution)	Dr.	11,05,000	7,50,000 1,20,000 1,32,000 1,03,000
April 1	Sundry Creditors A/c To Realisation A/c (Liabilities transferred to Realisation A/c on dissolution)	Dr.	1,75,000	1,75,000

April 1	Cash A/c To Realisation A/c (Land and building taken over by Raman for cash)	Dr.	6,75,000	6,75,000
April 1	Realisation A/c To Richa's Capital A/c (Remaining creditors paid by Richa)	Dr.	50,000	50,000
April 1	Cash A/c To Realisation A/c (Furniture realised)	Dr.	1,15,000	1,15,000
April 1	Realisation A/c To Cash A/c (Expenses of realisation paid)	Dr.	400	400
April 1	Raman's Capital A/c Richa's Capital A/c To Realisation A/c (Loss on realisation transferred to partners' capital accounts in their profit sharing ratio of 7 : 3)	Dr. Dr.	1,33,280 57,120	1,90,400
April 1	Raman's Capital A/c Richa's Capital A/c To Cash A/c (Final payment made to partners on dissolution)	Dr. Dr.	5,66,720 2,92,880	8,59,600

Working Notes:

(1) No entry is to be passed for creditors of ₹1,25,000 taking over stock and debtors in full settlement of their claim.

(2) Calculation of profit / loss on realisation:

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Land & Building	7,50,000	By Sundry Creditors	1,75,000		
To Furniture	1,20,000	By Cash (Land & Building)	6,75,000		
To Debtors	1,32,000	By Cash (Furniture)	1,15,000		
	1,03,000				
To Stock		By Loss on Realisation transferred to :			
To Richa's Capital A/c (Creditors)	50,000				
To Cash (Expenses of realisation)	400	Raman's Capital A/c	1,33,280	1,90,400	
		Richa's Capital A/c	57,120		
	11,55,400			11,55,400	

(3) Calculation of final payment made to the partners on dissolution :

Dr.		PARTNERS' CAPITAL ACCOUNTS				Cr.	
Particulars	Raman	Richa	Particulars	Raman	Richa		
	₹	₹		₹	₹		
To Realisation A/c (Loss)	1,33,280	57,120	By Balance b/d	7,00,000	3,00,000		
To Cash (Final settlement)	5,66,720	2,92,880	By Realisation A/c (Creditors)	—	50,000		

7,00,000	3,50,000	7,00,000	3,50,000
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SOLUTION: 16.

**In the Books of the Firm
JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2011 April 1	Realisation A/c To Land and Building To Machinery To Debtors (Assets transferred to Realisation Account on dissolution)	Dr.	2,10,000	70,000 60,000 80,000
	Creditors A/c To Realisation A/c (Creditors transferred to Realisation Account on dissolution)	Dr.	70,000	70,000
	Bank A/c To Realisation A/c (Assets realized : machinery at ₹42,000 and debtors at ₹79,500)	Dr.	1,21,500	1,21,500
	Realisation A/c To Bank A/c (Remaining creditors paid off)	Dr.	20,000	20,000
	Realisation A/c To Bank A/c (Payment of realisation expenses)	Dr.	1,700	1,700
	Verma's Capital A/c Sharma's Capital A/c To Realisation A/c (Loss on realisation transferred to partners' capital accounts in 3 : 1) (Note 2)	Dr. Dr.	30,150 10,050	40,200
	Verma's Capital A/c Sharma's Capital A/c To Bank A/c (Final payment made to partners) (Note 3)	Dr. Dr.	89,850 69,950	1,59,800

Working Notes:

(1) No entry is to be passed for Creditors of ₹50,000 taking over Land and Building in full settlement of their claim.

(2) Calculation of Profit or Loss on Realisation:

Dr.		REALISATION ACCOUNT	Cr.	
Particulars	₹	Particulars	₹	
To Land & Building	70,000	By Creditors	70,000	
To Machinery	60,000	By Bank A/c (Assets realised)		
To Debtors	80,000	(₹42,000 + ₹79,500)	1,21,500	
To Bank A/c (Creditors paid)		By Loss transferred to :		
(₹70,000 - ₹50,000)	20,000	Verma's Capital A/c	30,150	

To Bank A/c (Exp.)	1,700	Sharma's Capital A/c 10,050	40,200
	2,31,700		2,31,700

(3) Calculation of final payment made to partners on dissolution :

Dr. **PARTNERS' CAPITAL ACCOUNTS** Cr.

Particulars	Verma	Sharma	Particulars	Verma	Sharma
	₹	₹		₹	₹
To Realisation A/c (Loss)	30,150	10,050	By Balance b/d	1,20,000	80,000
To Bank A/c (Bal. Fig.) (Final Payment)	89,850	69,950			
	1,20,000	80,000		1,20,000	80,000

SOLUTION: 17.

Dr. **REALISATION ACCOUNT** Cr.

Particulars	Amount	Particulars	Amount
	₹		₹
To Sundry Assets :		By Provision for Bad Debts	1,000
Machinery	10,000	By Sundry Creditors	15,000
Stock	21,000	By Sheela's Loan	13,000
Debtors	20,000	By Repairs and Renewals Reserve	1,200
Prepaid Insurance	400	By Cash — Assets sold :	
Investments	3,000	Machinery'	8,000
To Mala's Capital A/c		Stock	14,000
— Sheela's Loan	13,000	Debtors	16,000
To Cash — Creditors paid	15,000	By Mala's Capital — Investments	2,000
To Cash — Dishonoured bill paid	5,000	By Loss (Balancing Fig.)	
To Cash — Expenses	800	transferred to Partner's	
		Capital A/cs	
		Mala	9,000
		Neela	6,000
		Kala	3,000
	88,200		18,000
			88,200

Dr. **PARTNER'S CAPITAL ACCOUNTS** Cr.

Particulars	Mala	Neela	Kala	Particulars	Mala	Neela	Kala
	₹	₹	₹		₹	₹	₹
To Realisation A/c	9,000	6,000	3,000	By Balance b/d	10,000	15,000	2,000
To Realisation A/c (Investments)	2,000			By Realisation	13,000	—	1,000
To Cash A/c	12,000	9,000	—	A/c			
	23,000	15,000	3,000	Sheela's Loan By Cash A/c			
					23,000	15,000	3,000

Dr.		CASH ACCOUNT		Cr.	
Particulars	Amount	Particulars	Amount		
	₹		₹		
To Balance b/d	2,800	By Realisation A/c			
To Realisation A/c		(Creditors paid)		15,000	
(Sale of Assets)	38,000	By Realisation A/c			
To Kala's Capital A/c	1,000	(Dishonoured Bill)		5,000	
		By Realisation A/c			
		(Expenses)		800	
		By Mala's Capital A/c		12,000	
		By Neela's Capital A/c		9,000	
	41,800			41,800	

SOLUTION: 18.

BALANCE SHEET

Liabilities	₹	Assets	₹
Creditors	16,800	Sundry Assets	
B's Loan	13,200	(Balancing figure)	60,000
Capital Accounts :			
A	12,000		
B	10,000		
C	8,000		
	<u>30,000</u>		
	60,000		60,000

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets A/c	60,000	By Creditors A/c	16,800		
To Bank A/c		By Bank A/c			
(Payment of Contingent Liability)	3,500	(Assets realised)	45,670		
To Bank A/c		By Capital A/cs:			
(Creditors paid)	16,800	(Loss on realisation)			
		A	7,132		
		B	5,349		
		C	5,349		
	80,300		17,830		
			80,300		

Dr.		B'S LOAN ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c	<u>13,200</u>	By Balance b/d	<u>13,200</u>		
	13,200		13,200		

Dr.		CAPITAL ACCOUNTS						Cr.	
Particulars	A	B	C	Particulars	A	B	C		
	₹	₹	₹		₹	₹	₹		
To Realisation A/c (Loss)				By Balance b/d	12,000	10,000	8,000		
To Bank A/c	7,132	5,349	5,349						
(Final Payment)	4,868	4,651	2,651						
	12,000	10,000	8,000		12,000	10,000	8,000		

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Realisation A/c (Assets realised)	45,670	By Realisation A/c (Payment of Contingent Liability)	3,500		
		By Realisation A/c (Creditors paid)	16,800		
		By B's Loan A/c	13,200		
		By A's Capital A/c	4,868		
		By B's Capital A/c	4,651		
		By C's Capital A/c	2,651		
	45,670		45,670		

SOLUTION: 19.

BALANCE SHEET

Liabilities		₹	Assets		₹
Creditors		23,150	Cash		4,520
Capital A/cs :			Sundry' Assets		
A	1,25,030		(Balancing Figure)		1,45,730
B	2,070	1,27,100			
		1,50,250			1,50,250

Dr.		REALISATION ACCOUNT				Cr.	
Particulars	₹	Particulars	₹	Particulars	₹		
To Sundry Assets A/c	1,45,730	By Creditors A/c			23,150		
To Cash A/c		By Cash A/c					
(Creditors Paid off)	23,150	(Assets Realised)			1,24,910		
To Cash A/c		By Capital A/cs					
(Expenses of realisation)	1,860	(Loss on realisation)					
		A 4/7	12,960				
		B 3/7	9,720		22,680		
	1,70,740				1,70,740		

Dr.	CAPITAL ACCOUNTS				Cr.
Particulars	A	B	Particulars	A	B
	₹	₹		₹	₹
To Realisation A/c			By Balance b/d	1,25,030	2,070
(Loss)	12,960	9,720	By Cash A/c		
To Cash A/c			(Amount brought in)		7,650
(Final Payment)	1,12,070				
	1,25,030	9,720		1,25,030	9,720

Dr.	CASH ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Balance b/d	4,520	By Realisation A/c	
To Realisation A/c		(Creditors Paid off)	23,150
(Assets realised)	1,24,910	By Realisation A/c	
To B's Capital A/c	7,650	(Expenses of realisation)	1,860
		By A's Capital A/c	1,12,070
	1,37,080		1,37,080

SOLUTION: 20.

BALANCE SHEET

Liabilities	₹	Assets	₹
Creditors	40,000	Cash	2,000
Ashok's Capital	1,00,000	Profit & Loss A/c	8,000
		Kishore's Capital (Dr.)	10,000
		Sundry Assets (Balancing Figure)	1,20,000
	1,40,000		1,40,000

Dr.	REALISATION ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Sundry Assets A/c	1,20,000	By Creditors A/c	40,000
To Cash A/c		By Cash A/c (Assets realised)	1,10,000
(Creditors Paid off)	38,000	By Capital A/c	
To Cash A/c		(Loss on realisation)	
(Expenses of realisation)	1,000	Ashok 3/4	6,750
		Kishore 1/4	2,250
	1,59,000		1,59,000

Dr.		CAPITAL ACCOUNTS				Cr.
Particulars	Ashok	Kishore	Particulars	Ashok	Kishore	
	₹	₹		₹	₹	
To Balance b/d		10,000	By Balance b/d	1,00,000		
To Profit & Loss A/c	6,000	2,000	By Cash A/c			
To Realisation A/c			(Amount			
(Loss)	6,750	2,250	brought in)		14,250	
To Cash A/c						
(Final Payment)	87,250					
	1,00,000	14,250		1,00,000	14,250	

Dr.		CASH ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Balance b/d	2,000	By Realisation A/c		
To Realisation A/c		(Creditors Paid off)	38,000	
(Assets realised)	1,10,000	By Realisation A/c		
To Kishore's Capital A/c	14,250	(Expenses of realisation)	1,000	
		By Ashok's Capital A/c	87,250	
	1,26,250		1,26,250	

SOLUTION: 21.

BALANCE SHEET (as at June 30, 2016)

Liabilities		₹	Assets		₹
Creditors		37,000	Bank A/c		10,000
Y's Loan		25,000	X's Loan A/c		32,000
Capital A/c:			Sundry Assets		
X	80,000		(Balancing Figure)		1,40,000
Y	40,000	1,20,000			
		1,82,000			1,82,000

Dr.		REALISATION ACCOUNT			Cr.
Particulars	₹	Particulars	₹		
To Sundry Assets A/c	1,40,000	By Creditors A/c		37,000	
To Bank A/c	2,000	By Bank A/c (Assets		46,000	
(Expenses of realisation)	37,000	realised)			
To Bank A/c (Creditors Paid		By Capital A/cs			
off)		(Loss on realisation)			
		X 5/8	60,000		
		Y 3/8	36,000		
				96,000	
	1,79,000			1,79,000	

Dr.		Y'S LOAN ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c	25,000	By Balance b/d	25,000		
	25,000		25,000		

Dr.		CAPITAL ACCOUNTS				Cr.	
Particulars	X	Y	Particulars	X	Y		
	₹	₹		₹	₹		
To X s Loan A/c	32,000		By Balance b/d	80,000	40,000		
To Realisation A/c (Loss)	60,000	36,000	By Bank A/c				
To Bank A/c (Final Payment)		4,000	(Amount brought in)	12,000			
	92,000	40,000		92,000	40,000		

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	10,000	By Realisation A/c			
To Realisation A/c		(Expenses of realisation)	2,000		
(Assets realised)	46,000	By Realisation A/c			
To ATs Capital A/c	12,000	(Creditors Paid off)	37,000		
		By Fs Loan A/c	25,000		
		By Fs Capital A/c	4,000		
	68,000		68,000		

SOLUTION: 22.

BALANCE SHEET (as at 31st March, 2014)

Liabilities		₹	Assets		₹
A's Capital :			Sundry Assets		
Opening	10,000		(Balancing Figure)		17,000
Less: Drawings	1,900	8,100			
B's Capital:					
Opening	7,000				
Less: Drawings	1,700	5,300			
C's Capital :					
Opening	5,000				
Less: Drawings	1,400	3,600			
		17,000			17,000

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets A/c	17,000	By A's Capital A/c (Stock taken over)	5,000		
		By B's Capital A/c (Furniture taken over)	2,000		
		By C's Capital A/c (Debtors taken over)	3,000		
		By Bank A/c(1) (Net assets realised)	1,000		
		By Capital A/c's (Loss on realisation)			
		A 3/6 3,000			
		B 2/6 2,000			
		C 1/6 1,000			
			6,000		
	17,000			17,000	

Dr.		CAPITAL ACCOUNTS			Cr.		
Particulars	A	B	C	Particulars	A	B	C
	₹	₹	₹		₹	₹	₹
To Realisation A/c (Assets taken)	5,000	2,000	3,000	By Balance b/d	8,100	5,300	3,600
To Realisation A/c (Loss)	3,000	2,000	1,000	By Bank A/c (Amount brought in)			400
To Bank A/c (Final Payment)	100	1,300					
	8,100	5,300	4,000		8,100	5,300	4,000

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Realisation A/c (Net assets realised)	1,000	By A's Capital A/c	100		
To C's Capital A/c	400	By B's Capital A/c	1,300		
	1,400		1,400		

Note: (1) Creditors must have been paid off out of the cash realised on sale of assets. Hence, ₹1,000 is the net amount realised on the sale of assets. Entry will be:

Bank A/c Dr. 1,000
 To Realisation A/c 1,000

SOLUTION: 23.**BALANCE SHEET (as at 1st October, 2013)**

Liabilities		₹	Assets		₹
Sundry Creditors		30,000	Office Fixtures		1,000
Bills Payable		4,000	Debtors		28,000
Capitals :			Bills Receivable		5,000
X	30,000		Stock-in-trade		45,000
Y	20,000		Profit & Loss (Balancing		
Z	10,000	60,000	Figure is assumed as loss)		15,000
		94,000			94,000

Note: Interest on Capital is allowed only in case of profits. In this question, there is loss of ₹ 15,000, as such, interest on Capital will not be allowed.

Dr. REALISATION ACCOUNT Cr.			
Particulars	₹	Particulars	₹
To Office Fixtures A/c	1,000	By Sundry Creditors A/c	30,000
To Debtors A/c	28,000	By Bills Payable A/c	4,000
To Bills Receivable A/c	5,000	By X's Capital A/c	
To Stock-in-trade A/c	45,000	(Stock-in-trade taken over)	40,500
To X's Capital A/c		By Y's Capital A/c	
(Bills Payable taken over)	4,000	(Book debts taken over)	22,400
To Y's Capital A/c		By Z's Capital A/c	
(Creditors taken over)	30,000	(Bills Receivable at ₹4,877	
		and Office Fixtures at ₹900	
		taken over)	5,777
		By Capital A/cs :	
		(Loss on realisation)	
		X's 4/9 4,588	
		Y's 3/9 3,441	
		Z's 2/9 2,294	
			10,323
	1,13,000		1,13,000

Dr. CAPITAL ACCOUNTS Cr.							
Particulars	X	Y	Z	Particulars	X	Y	Z
	₹	₹	₹		₹	₹	₹
To Profit & Loss A/c	6,667	5,000	3,333	By Balance b/d	30,000	20,000	10,000
To Realisation A/c (Assets taken over)	40,500	22,400	5,777	By Realisation A/c (Liabilities taken over)	4,000	30,000	—
To Realisation A/c (Loss)	4,588	3,441	2,294	By Bank A/c (Amount brought in)	17,755	—	1,404

(Final Payment)		19,159				
	51,755	50,000	11,404		51,755	50,000
					11,404	

Dr.		BANK ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To X's Capital A/c	17,755	By Y's Capital A/c	19,159		
To Z's Capital A/c	1,404				
	19,159				19,159

SOLUTION: 24.

PROFIT & LOSS APPROPRIATION ACCOUNT (as at 31st March. 2014)			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Interest on Capitals :		By Balance b/d	
P 2,400		(Profit for the year)	25,000
Q 1,800	5,400		
R 1,200			
To Capital Accounts :			
P 2/5 7,840			
Q 2/5 7,840			
R 1/5 3,920			
	19,600		
	25,000		25,000

BALANCE SHEET (as at 31st March. 2014)					
Liabilities		₹	Assets		₹
Creditors		15,000	Sundry Assets		
P's Capital :	40,000		(Balancing Figure)	1,07,000	
Add: Interest on Capital	2,400				
Add: Net Profit	7,840				
Less : Drawings	10,000	40,240			
Q's Capital :	30,000				
Add: Interest on Capital	1,800				
Add: Net Profit	7,840				
Less: Drawings	8,000	31,640			
R's Capital :	20,000				
Add: Interest on Capital	1,200				
Add: Net Profit	3,920				
Less: Drawings	5,000	20,120			
		1,07,000			1,07,000

Dr.		REALISATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Sundry Assets A/c	1,07,000	By Creditors A/c	15,000		
To Cash A/c (Creditors paid)	14,550	By Cash A/c (Assets realised)	1,00,000		
To Cash A/c (Expenses of realisation)	1,450	By Capital A/cs:			
		P 2/5 3,200			
		Q 2/5 3,200			
		R 1/5 1,600			
			8,000		
	1,23,000		1,23,000		

Dr.		CAPITAL ACCOUNTS						Cr.	
Particulars	P	Q	R	Particulars	P	Q	R		
	₹	₹	₹		₹	₹	₹		
To Realisation A/c (Loss)	3,200	3,200	1,600	By Balance b/d	40,240	31,640	20,120		
To Cash A/c (Final Payment)	37,040	28,440	18,520						
	40,240	31,640	20,120		40,240	31,640	20,120		

Dr.		CASH ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Realisation A/c (Assets realised)	1,00,000	By Realisation A/c (Creditors paid)	14,550		
		By Realisation A/c (Expenses on realisation)	1,450		
		By P's Capital A/c	37,040		
		By Q's Capital A/c	28,440		
		By R's Capital A/c	18,520		
	1,00,000		1,00,000		

SOLUTION: 25.

Dr.		CAPITAL ACCOUNTS						Cr.	
Date	Particulars	A	B	C	Date	Particulars	A	B	C
		₹	₹	₹			₹	₹	₹
2013					2012				
March 31	To Drawings	40,000	40,000	40,000	April 1	By Bank A/c	3,00,000	2,00,000	1,50,000
March 31	To Bal. c/d	3,40,000	2,40,000	1,50,000	2013				*
					March	By			

				31	P & L Appropriation A/c	80,000	80,000	40,000
		3,80,000	2,80,00	1,90,000		3,80,000	2,80,000	1,90,000
2014					2013			
March 31	To Drawings	40,000	40,000	40,000	April 1 By Bal. b/d	3,40,000	2,40,000	1,50,000
March 31	To P & L Appropriation A/c	24,000	24,000	12,000				
March 31	To Bal. c/d	2,76,000	1,76,000	98,000				
		3,40,000	2,40,000	1,50,000		3,40,000	2,40,000	1,50,000

Following Balance Sheet will be prepared on 31st March, 2014 in order to find out the missing figure of Sundry Assets on the date of dissolution:

BALANCE SHEET

Liabilities	Amount	Assets	Amount
	₹		₹
Creditors	75,000	Sundry Assets (Balancing Figure)	6,25,000
Capital A/cs :			
A	2,76,000		
B	1,76,000		
C	98,000		
	6,25,000		6,25,000

REALISATION ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Sundry Assets	6,25,000	By Creditors A/c	75,000
To Bank A/c (Creditors paid)	75,000	By Bank A/c (Assets realised)	4,00,000
To Bank A/c (Expenses)	5,000	By Loss transferred to Capital Accounts :	
		A	92,000
		B	92,000
		C	46,000
	7,05,000		2,30,000
			7,05,000

SOLUTION: 26.

Dr.					Cr.				
CAPITAL ACCOUNTS									
Date	Particulars	A	B	C	Date	Particulars	A	B	C
2013		₹	₹	₹	2012		₹	₹	₹
Mar. 31	To Drawings A/c	12,000	12,000	12,000	Apr. 1	By Bank A/c	80,000	60,000	40,000
Mar. 31	To Interest on Drawings A/c(3)	360	360	360	Mar. 31	By Interest on Capital A/c	4,000	3,000	2,000
Mar. 31	To Balance c/d	82,680	58,000	33,320	Mar. 31	By Profit & Loss Appropriation A/c(1)	11,040	7,360	3,680
		95,040	70,360	45,680			95,040	70,360	45,680
2014					2013				
Mar. 31	To Drawings A/c	12,000	12,000	12,000	Apr. 1	By Balance b/d	82,680	58,000	33,320
Mar. 31	To Interest on Drawings A/c	360	360	360	Mar. 31	By Interest on Capital A/c	4,134	2,900	1,666
Mar. 31	To Balance c/d	82,644	54,000	25,356	Mar. 31	By Profit & Loss Appropriation A/c(2)	8,190	5,460	2,730
		95,004	66,360	37,716			95,004	66,360	37,716

Following balance sheet will be prepared on 31st March, 2014 in order to find out the missing figure of Sundry Assets on the date of dissolution:

BALANCE SHEET

Liabilities	₹	Assets	₹
Creditors	40,000	Cash	4,000
Capital Accounts :		Sundry Assets	
A	82,644	(Balancing figure)	1,98,000
B	54,000		
C	25,356		
	<u>1,62,000</u>		
	2,02,000		2,02,000

Dr.				Cr.			
REALISATION ACCOUNT							
Particulars		₹	Particulars		₹		
To Sundry Assets A/c		1,98,000	By Creditors A/c		40,000		
To Cash A/c (Creditors paid)		40,000	By Cash A/c (Assets realised)		2,40,000		
To Capital A/cs							
(Profit on realisation)							
A 3/6		21,000					
B 2/6		14,000					